

## 280 - AIRPORT - OPERATING ENTERPRISE

### Operational Summary

#### Mission:

To plan, direct, and provide high quality aviation services for Orange County in a safe, secure and efficient manner.

#### At a Glance:

Total FY 2001-2002 Actual Expenditure + Encumbrance:	91,293,236
Total Final FY 2002-2003 Budget:	171,262,192
Percent of County General Fund:	N/A
Total Employees:	141.00

Due to accounting methodology changes, the Total Recommended FY 2002-2003 Budget includes \$41,974,686 in Retained Earnings which represents resources invested in undepreciated capital assets

#### Strategic Goals:

- Maintain a safe and secure operating environment for aviation and the traveling public.
- Provide a positive aviation experience to travelers and tenants.
- Operate John Wayne Airport in an environmentally responsible manner.
- Operate John Wayne Airport as a financially efficient and self-supporting aviation facility.

#### Key Outcome Measures:

Performance Measure	2001 Business Plan Results	2002 Business Plan Target	How are we doing?
<b>SUCCESSFULLY PASS THE ANNUAL PART 139 AIRPORT CERTIFICATION INSPECTION.</b> <b>What:</b> Annual inspection conducted by FAA to ensure JWA is being operated in a safe and efficient manner. <b>Why:</b> To maintain a safe operating environment for aviation and the traveling public.	The Annual Part 139 inspection is conducted by the FAA during which time all elements specified in Federal Aviation Regulation (FAR) Part 139 are examined. JWA successfully passed the Annual Part 139 inspection.	Successfully pass the Annual Part 139 Inspection by continuing to perform twice daily airfield inspections and identify, report and correct any items that deviate from FAA specifications.	We have always successfully passed the Annual Part 139 Inspection.
<b>% OF GOOD OR EXCELLENT OVERALL RATING IN THE "AIR TRANSPORTATION USER" AND "AIRPORT TENANT" SURVEYS.</b> <b>What:</b> Surveys conducted to measure passenger/tenant satisfaction with Airport's service and performance. <b>Why:</b> To ensure that our service to customers and tenants meets or exceeds their expectations.	Results of the August 2001 "Airport Tenant" survey indicated that 96 percent of JWA tenants who participated in the survey indicated they were satisfied or very satisfied with their overall relationship with JWA.	Conduct "Air Transportation User" survey to identify client perception of and recommendations for improving Airport facilities and services.	Overall results of 2001 survey indicated that 96 percent of JWA tenants indicated they were satisfied or very satisfied with their overall relationship with JWA.

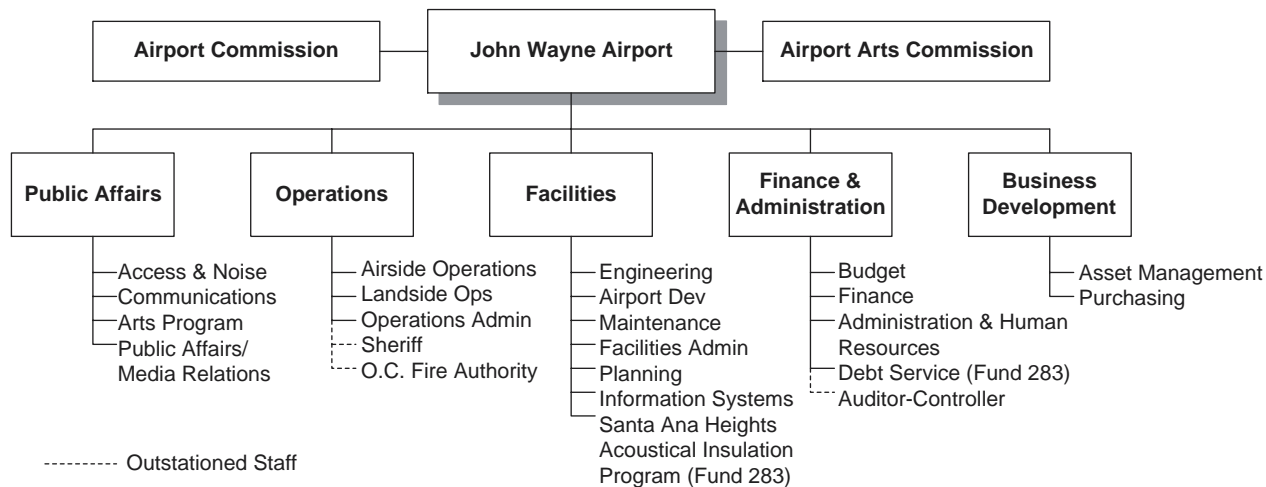
## Key Outcome Measures: (Continued)

Performance Measure	2001 Business Plan Results	2002 Business Plan Target	How are we doing?
<b>ENFORCE ALL PROVISIONS OF THE PHASE 2 COMMERCIAL AIRLINE ACCESS PLAN AND REGULATION.</b> <b>What:</b> Balances need for airport with desire of community for environmentally responsible operation at JWA. <b>Why:</b> Compliance conveys message that County will completely fulfill its commitment to its residents.	100 percent compliance with Plan allocation provisions.	Continue to maintain 100 percent compliance.	The provisions of the Phase 2 Commercial Airline Access Plan, other than the allocation provisions that have been amended, became effective on October 1, 1990. Since the Plan's implementation, the County has been in 100 percent compliance of its duties and responsibilities.
<b>DEBT SERVICE COVENANT OF AT LEAST 175 PERCENT.</b> <b>What:</b> Requires Airport net revenues each year of at least 125% of debt service requirement for FY. <b>Why:</b> Provides JWA with opportunity to demonstrate to financial community its ability to repay debt.	Successful management of the Airport's rates and charges structure is critical to generate revenue required to fulfill JWA's obligations under the indenture. The debt coverage ratio for FY 00-01 was 224 percent.	Continue to maintain 100 percent compliance.	Since issuance of the 1987 Airport Revenue Bonds, JWA has consistently exceeded the rate covenant imposed by indenture. JWA obtained an initial A+ rating from Fitch on its revenue bonds while maintaining an A rating from Standard & Poors. Also, JWA received an upgrade by Moody's to an Aa3 rating.

## Fiscal Year FY 2001-2002 Key Project Accomplishments:

- The Airport passed the annual FAA Airport Certification Inspection and all quarterly Security Inspection Audits -- yardsticks by which FAA measures airport safety and security.
- JWA efficiently and effectively implemented all security mandates issued by the FAA following the events of September 11th.
- The John Wayne Airport Tenant Survey conducted in August 2001 demonstrated a high level of tenant satisfaction with Airport services and facilities.
- The Airport's web site continued to be a valuable and much-used source of information for travelers, particularly following September 11th.
- The acoustical insulation of a 182 unit apartment complex was completed and the next phase of insulation for 25 single family homes was initiated.
- The Phase 2 Airline Access Plan was fully enforced.
- JWA maintained its very high bond rating and even received an upgrade from Moody's to Aa3.
- PIP and MPP were fully implemented and Airport managers and staff received appropriate training to make these programs successful.

## Organizational Summary



**PUBLIC AFFAIRS** - Responsible for public information and media relations. Provides implementation and enforcement of Phase 2 Access Plan and Settlement Agreement. Responsible for the interaction with federal, state and local agencies regarding legislation. Coordinates and monitors environmental activities. Oversees the Airport Communications Operator function. Administers the Airport Arts Program.

**OPERATIONS** - Coordinates and administers the general functional activities related to John Wayne Airport including airport security, parking, ground transportation, liaison with commercial airline tenants, fixed-base operations, and aircraft tiedown facilities. Monitors airfield operations including enforcement of Airport rules and regulations. Administers outstationed departments such as the Sheriff-Coroner and Fire Authority for provision of law enforcement, aircraft rescue and firefighting.

**FACILITIES** - Provides engineering studies and analysis of facility requirements for the Airport. Responsible for all aspects of Airport facilities maintenance and information systems. Provides planning and project management of the capital development program, including the design and construction of Airport facilities. Ensures compliance of Airport facilities with environmental regulations. Prepares grant applications for federal financial assistance under the FAA Airport Improvement Program. Provides staff support to the Airport Land Use Commission.

**FINANCE & ADMINISTRATION** - Responsible for Airport finance, budget, debt management, staff services, administrative support and human resources. Provides staff support to the Airport Commission. Responsible for all airport rates and charges preparation and coordinates Airline Affairs Committee meetings. Includes outstationed Auditor-Controller staff who provide accounting and financial services, and monitor Airport revenue and expenditures.

**BUSINESS DEVELOPMENT** - Coordinates and is responsible for concession planning and revenue development activities and the negotiation and administration of leases, licenses, concession agreements and easements. Responsible for the acquisition and sale of real property and related property appraisal and condemnation issues. Coordinates with the Finance and Administration division on the annual audit and record survey of Airport tenants. Responsible for all aspects of Airport procurement including preparing bid/proposal solicitations, issuing agency contracts, interfacing with vendors, maintaining a record of department purchases and conducting internal procurement value analysis. Administers the Disadvantaged Business Enterprise (DBE) Program.

**JOHN WAYNE AIRPORT - OPERATING** - Includes the office of the Airport Director and outstationed County Counsel who provides legal counsel on County and Airport matters.

### Ten Year Staffing Trend:



### Ten Year Staffing Trend Highlights:

- Six new positions were added in FY 02-03, including one Information Systems Manager, one Staff Specialist, two Electronics Technicians, one Staff Analyst III, and one Real Property Agent II.
- The 18 positions which were added in FY 99-00 for Interim Use were transferred mid-year FY 00-01 to the LRA (Fund 13K).
- Two positions were transferred mid-year FY 99-00, one from the CEO and one from PDSD; these are reflected in FY 00-01 position total.

■ In FY 99-00 one position was transferred from the Auditor-Controller to John Wayne Airport to more appropriately reflect finance-related activities performed; one position was added to help manage the increased requirements in the Information Systems section; 18 positions were added for Interim Use pending further Board direction.

■ In FY 97-98 four positions were deleted and 13 positions were added to reflect the impact of the County's decentralization of Real Property, Human Resources, Facilities, County Counsel and Purchasing activities.

## Budget Summary

### Plan for Support of the County's Strategic Priorities:

As an enterprise fund, John Wayne Airport is self-supporting through revenues it generates and receives no monies from the County General Fund. Revenues are utilized to operate the Airport, provide for repayment of revenue bonds, fund facility capital improvement or maintenance projects, and support aviation planning.

### Changes Included in the Base Budget:

The requested budget includes an additional \$8.7 million for Sheriff security costs as a result of the events of September 11th and rate increases for both insurance and utilities.

## Approved Budget Augmentations and Related Performance Results:

Unit/Amount	Description	Performance Plan	Ref. Num.
<b>John Wayne Airport - Facilities</b> Amount: \$ 96,818	Add one Information Systems Manager position.	Revise the Airport Information System Strategic Plan by September 2003.	280-001
<b>John Wayne Airport - Business Development</b> Amount: \$ 49,783	Add one Staff Assistant Position	100% of the insurance policies for the 1,100 contracts will be monitored.	280-002
<b>John Wayne Airport - Facilities</b> Amount: \$ 109,968	Add two Airport Electronic Technician positions.	98% reliability rate on preventing system-wide failures & have system failures repaired w/in 48 hrs.	280-003

## Final Budget and History:

Sources and Uses	FY 2000-2001 Actual Exp/Rev	FY 2001-2002 Final Budget	FY 2001-2002 Actual Exp/Rev <sup>(1)</sup>	FY 2002-2003 Final Budget	Change from FY 2001-2002 Actual	
					Amount	Percent
Total Positions	-	135	135	141	6	4.44
Total Revenues	140,778,913	141,941,538	162,142,886	171,262,192	9,119,305	5.62
Total Requirements	63,386,456	141,941,538	198,712,365	171,262,192	(27,450,173)	-13.81
Balance	77,392,457	0	(36,569,479)	0	36,569,479	-100.00

(1) Amounts include prior year expenditures and exclude current year encumbrances. Therefore, the totals listed above may not match Total FY 2001-02 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: Airport - Operating Enterprise in the Appendix on page 541.

## Highlights of Key Trends:

- The FAA has issued a number of security directives since events of September 11. JWA has worked with the Sheriff to implement these measures. The sheer number of these directives and the complexity of integrating them into the Airport Security Plan will continue to present challenges to the Airport.
- The manner in which the terminal and roadway facilities are used by passengers and tenants has changed, and will continue to change. Facility reviews, modified maintenance schedules, and a host of other measures are underway and/or proposed in 2002 to ensure that the Airport facilities can be operated safely and efficiently.
- Implementation of new federally-mandated security measures will continue to place additional burdens on Airport staff and JWA's law enforcement partners. There has been a substantial increase in resources dedicated by the Sheriff's Department to meet these burdens. An increase of approximately \$8.7 million in security costs from the Sheriff is projected to be permanent for future budgets.
- It is difficult to identify the long term financial ramifications of the September 11 attacks to JWA. Although passenger activity improved substantially since September 11, the activity level has not reached the same level as previous years.
- Aeronautical users will pay their share of these additional costs through their rates & charges structure. On March 12, 2002 the Board approved non-aeronautical and general aviation rate increases to ensure that JWA's revenue structure is sufficient to meet current priorities. It is uncertain whether projected revenues from rate increases will materialize.
- Property and Liability insurance costs are substantially higher due to September 11 event.
- Future security directives will negatively impact the cost of airport capital improvements.

## Budget Units Under Agency Control

No.	Agency Name	Public Affairs	Operations	Facilities	Finance & Administration	Business Development	John Wayne Airport - Operating	Total
280	Airport - Operating	2,439,578	22,937,892	59,584,001	42,218,632	877,085	43,205,004	171,262,192
283	John Wayne Airport Debt Service	0	0	5,832,000	76,042,335	0	0	81,874,335
	Total	2,439,578	22,937,892	65,416,001	118,260,967	877,085	43,205,004	253,136,527